

Media Release: September 22<sup>nd</sup>, 2010

## Household Energy Price Index for Europe

August Prices Just Released

**Who is paying the most? Who is paying the least?  
and where are prices heading in Europe?**

### KEY FINDINGS AS OF AUGUST 2010

European energy prices edged up in August compared to July for both electricity and gas. Electricity prices steadily decreased over the first half of 2009 and have been increasing ever since. They might reflect a general sentiment that the worst of the economic crisis is behind us and that economies are picking up again, as well as higher oil prices over the period and seasonal demand increases, especially in summer or winter months. Sharp increases in prices occurred over the first quarter of 2010 and prices somewhat stabilized starting from April onwards. The index was as low as 95.5 points in June 2009 and reached 102.8 in August 2010. They are currently at their highest level since the study started. However, European retail electricity prices excluding taxes showed to be fairly stable and have enjoyed low volatility in 2009-Q1 and Q2 through to 2010 as the index evolved in a tunnel comprised between 95.5 and 102.8 points. Gas prices sharply decreased during 2009 (by about 20%) and in the same manner as electricity prices started to

#### *In This Month's Edition*

*· HEPI price trend - European electricity prices at their highest and on an upward trend – Gas prices continue rising*

*· Total price ranking – Energy prices remain unchanged in most cities*

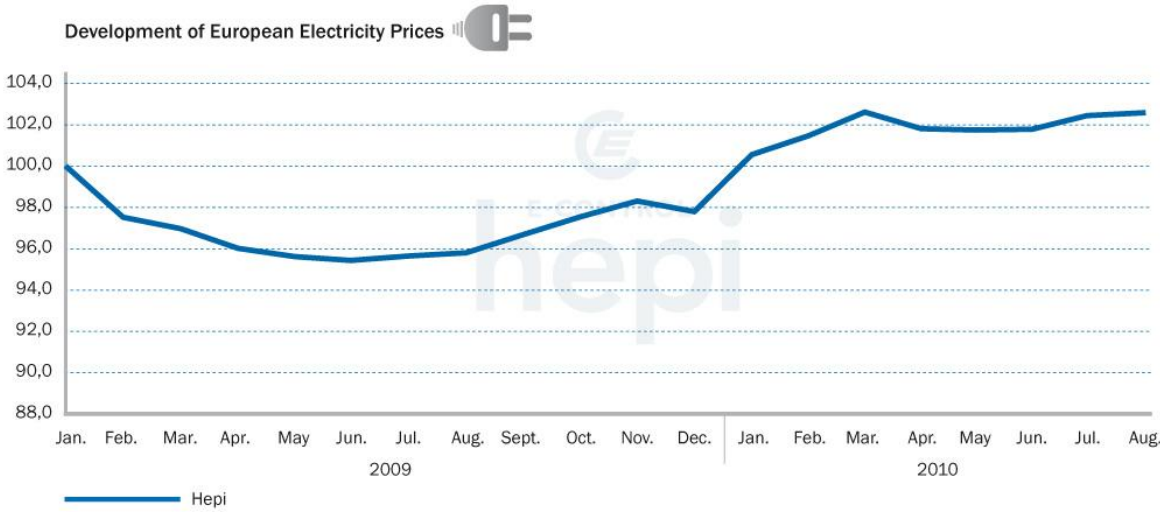
*· Energy Price breakdown – National fiscal policy as influential as market forces*

increase at the beginning of 2010. However, unlike electricity prices, gas prices remain much lower than in January 2009 (by about 11%). The historically low wholesale gas prices might indeed limit price increases though the trend is clearly upward. Retail gas prices exhibit sharp changes every quarter followed by two months of stability: The vast majority of European customers are on quarterly revised contracts. Retail gas prices showed to be much more volatile than electricity retail prices; from 100 points in January 2009 the index went as low as 80.25 in December 2009 and back to 89.34 in August 2010.

The table "Total Price Rankings" exhibits an unusually high number of cities where prices remained unchanged after a month when most cities saw price increases. Household customers in Copenhagen pay by far the highest electricity prices within the capital cities of the EU-15 while customers in Athens and Helsinki pay the least (all tax included). Inhabitants of Athens pay, in fact, about 2.5 times less than inhabitants of Copenhagen. Natural gas household customers in Stockholm pay by far the highest prices within the capital cities of the EU-15. Prices in Stockholm are about 60% higher than in the second most expensive city Copenhagen, and almost 4.5 times more than in the British capital city where Londoners enjoy by far the lowest prices. It is interesting to note that for both electricity and gas, cities in the top and bottom three of the tables have only rarely changed since the price collection started, with changes taking place among the cities in the middle of the tables.

The price breakdown of local electricity tariffs shows major variations in the share of each component. Our survey shows that on average energy represents about 49% of the total electricity bill, distribution 28%, energy taxes 10% and VAT 13% whereas energy represents 52% of the total gas bill, distribution 26% energy taxes 9% and VAT 13%. Copenhagen is a very unusual case; the energy component of the electricity bill represents less than a fourth of a Danish household's electricity bill, by far the lowest of all cities, whereas the energy taxes represent an astonishing 33% (over three times the EU-15 average) and 53% if we include VAT. Overall, the results show that market forces represent only half of the energy (both for electricity and gas) bills whereas national fiscal policies are responsible for the other half through distribution tariffs as well as energy taxes and VAT.

# EUROPEAN ENERGY PRICE DEVELOPMENT (EXCLUDING TAXES)



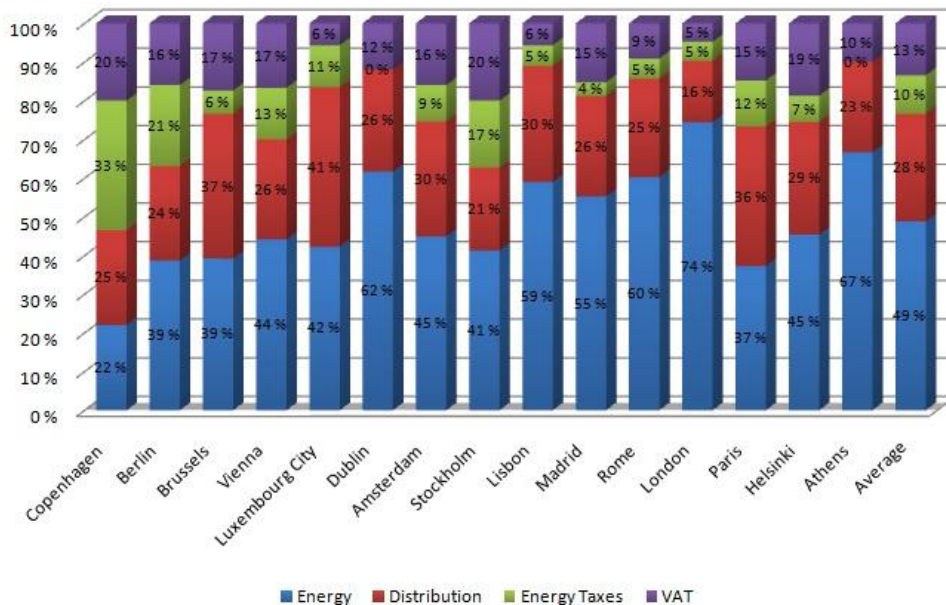
## TOTAL PRICE RANKINGS (INCLUDING ENERGY, DISTRIBUTION AND TAXES)

Ranking	Electricity (all tax included)			Gas (all tax included)			
	City	Price in € cent / kWh	Change / previous month	City	Price in € cent / kWh	Change / previous month	
Most Expensive	1	Copenhagen	28,93		Stockholm	18,21	
	2	Berlin	22,78		Copenhagen	11,25	
	3	Brussels	21,34		Rome	7,68	
	4	Vienna	19,47		Vienna	6,55	
	5	Luxembourg City	18,38		Brussels	6,39	
	6	Dublin	18,29		Berlin	6,38	
	7	Amsterdam	17,30		Amsterdam	6,16	
	8	Lisbon	16,98		Paris	6,10	
	9	Stockholm	16,93		Madrid	6,03	
	10	Madrid	16,90		Luxembourg City	5,83	
	11	Rome	15,76		Athens	5,70	
	12	London	14,45		Lisbon	5,60	
	13	Paris	13,19		Dublin	5,21	
	14	Helsinki	12,88		London	4,23	
Cheapest	15	Athens	11,64				

Source: E-Control and VaasaETT (Prices as of August 1st 2010)

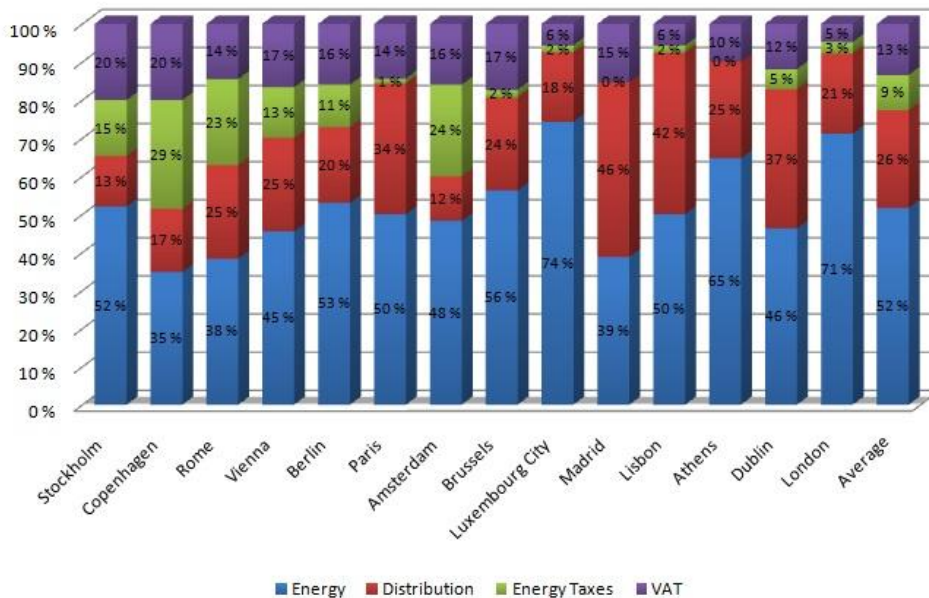
# ENERGY PRICE BREAKDOWN

## Electricity Price Breakdown



Source: E-Control and VaasaETT, prices as of August 1<sup>st</sup>, 2010

## Gas Price Breakdown



Source: E-Control and VaasaETT, prices as of August 1<sup>st</sup>, 2010

## What is the HEPI?

Based on the electricity and natural gas prices collected both for incumbents and competitor companies in capital cities of EU15 member states, E-Control GmbH in cooperation with VaasaETT has compiled The Household Energy Price Index, HEPI. The HEPI is a weighted end user price index that assesses overall price developments in Europe.

The HEPI is Europe's only independent comparative monthly index of electricity and gas prices across the 'EU 15' states. Data is collected directly from utilities and authorities in the respective markets, using a thorough, precise and comparative definition and methodology.

The HEPI project also compiles and publishes a monthly ranking and analysis of capital city prices within the EU15.

E-Control GmbH and VaasaETT will continue to publish HEPI every month until at least 2011.

## For More Information

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*Subscribe to the free monthly update of the HEPI index for Europe. Get the latest prices delivered automatically to your email. Just send an email request to Christophe Dromacque*

## About the Authors

### E-Control

E-Control GmbH was set up by the legislator on the basis of the new Energy Liberalisation Act and took up work on 1 March 2001. E-Control is headed by Mr Walter Boltz as the managing director and is entrusted with monitoring, supporting and, where necessary, regulating the implementation of the liberalization of the Austrian electricity and natural gas markets.

**More at: [www.e-control.at](http://www.e-control.at)**

### VaasaETT Global Energy Think Tank

The VaasaETT Global Energy Think-Tank is a leading independent think-tank for the global utilities industry. A unique collaborative concept based on the philosophy of value-for-all through its network of thousands of senior executives, officials, researchers and other experts who are for the most part known and trusted personally.

The Think-Tank focuses broadly on practical strategic business and market issues including Marketing, Psychology, Behaviour and Market Requirements relating to Successful Competition, Customer Switching & Loyalty, Smart Grid, Demand Response, Smart Home and Energy Efficiency, as well as envisioning state of the art innovations and developments.

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